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TAGS: [NATO](#) [MARR](#) [PREL](#) [PGOV](#) [KPAO](#) [IC](#)

SUBJECT: ICELAND: SCENESETTER FOR MARCH 31 DEFENSE TALKS

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Classified By: Ambassador Carol van Voorst Reason: 1.5 (a) and (d)

[1](#)1. (C) Summary: Since 3/15, when the U.S. announced the realignment of its force presence at Naval Air Station Keflavik (NASKEF), the Icelandic government has made its unhappiness with the decision plain. FM Haarde) the government,s key decision maker) is looking to the 3/31 talks to offer the sort of specificity that will enable him to tell his party and his public that the Americans are serious about their commitment to the 1951 Defense Agreement.

Our readiness to offer concrete and credible proposals in the series of defense talks with Iceland will strengthen Haarde,s preference (and that of pragmatic bureaucrats and rising young politicians and other opinion leaders) to seek continued close security ties with the U.S. Eed summary.

UNANTICIPATED DECISION

[1](#)2. (C) The Government of Iceland is just now coming to terms with the news delivered March 15 that the U.S. would be removing its four F-15 fighter jets as well as combat search and rescue (CSAR) assets from NASKEF. Governing Independence (IP) and Progressive (PP) Party luminaries seemed genuinely shocked that the U.S. would take this step without further negotiations or a long drawdown calendar. There have been a flurry of party meetings and town hall, meetings with residents of the Sudurnes region (where the base is located), and the subject has been discussed in ministerial calls on Allied foreign ministers (Norway, Denmark, France and Germany) and Russia,s foreign minister. The Prime Minister has appealed to the NATO Secretary General. Although there has been plenty of criticism from the opposition that the government should have seen this decision coming, the governing coalition,s complete lack of contingency planning indicates its leaders assumed they would have much more time to prepare the country.

REACHING OUT TO EUROPE

[1](#)3. (C) In response to what many interpret as U.S. rejection,

Reykjavik is showing new interest in cooperation with the Europeans. &I think it is clear that in the future, Iceland will move closer to Europe and farther away from the United States on foreign-policy issues,8 PM Asgrimsson told Morgunbladid in late March. Influential Social Democratic Alliance Chairman Ingibjorg Solrun Gisladdottir said it would be natural for Iceland to rely for defense cooperation on countries bordering on the North Atlantic: the UK, Denmark, and Norway. Haarde himself is building bridges to Europe but not burning any with the U.S.: he is enough of a realist to know that European governments are unlikely to offer more than sympathetic noises, and that any European offers of defense equipment are likely to be on a purely commercial basis.

14. (C) At the same time, a current of resentment against the U.S. has also been flowing (reftels). The sudden unilateral8(to repeat a word embraced these past two weeks by politicians, pundits, and citizens alike) decision, coming in the course of what ministers had presented to the public as ongoing negotiations, is being painted as evidence of U.S. egotism and arrogance) even by opposition politicians happy to see the base close, and ordinary citizens with no particular interest in the base or even the broader concept of national defense.

PLAYING CATCH-UP

15. (C) Only fully independent since 1944, Iceland has little experience looking out for itself) or, set in a more negative light, little sense of answerability for its own well-being.

16. (C) Some in the Icelandic Government (e.g. FM Haarde and chief defense negotiator Albert Jonsson) are nervous that the U.S., with limited strategic interest in maintaining any sort of presence here, will quietly bow out of the 1951 Agreement (refs A and D). Others (e.g. PM Asgrimsson and Justice Minister Bjarnason), feeling betrayed by the style and substance of decisions already announced, no longer trust us to meet our responsibilities under the treaty (refs G and H).

A third faction (which we believe includes former PM/FM David Oddsson as well as other Independence Party stalwarts of his generation) believes Iceland should react to the U.S. decision by abrogating the treaty themselves and seeking security elsewhere in the Alliance (ref D). And then there is the pacifist left (personified by Left Green Party Chairman Steingrímur Sigfússon), which never believed the U.S. was a good mate for Iceland and has been only too happy to crow, &We told you so8 (ref B).

17. (C). Asgrimsson and Haarde have reacted quite differently to the U.S. decision, both in public and private. The PM has strongly criticized the pace and unilateral character of the U.S. action, expressing skepticism that the U.S. will offer serious alternatives to a full-time U.S. presence. In contrast, Haarde (in the job for only a few months, and with his ego tied less tightly to past government defense policy) has taken a more measured tone, expressing regret while focusing on the need to listen with an open mind to U.S. proposals and seek to maintain the security relationship. Haarde has been out of the country much of the time since the announcement, which has resulted in Icelandic media giving more play to Asgrimsson,s tough talk than to Haarde,s forward-looking focus.

GETTING SERIOUS

18. (C) Within this cacophony is a core of career diplomats and bureaucrats sincerely interested in a practical U.S.-Icelandic partnership to confront the challenge of providing national security in the 21st century. MFA Political Director Bergdis Ellertsdottir and Defense Director Jon Egill Egilsson, as well as Justice Ministry Legal Director Ragna Arnadottir and Coast Guard Director Georg Larsson, are all serious professionals who know that banging

their fists on tables will not prevent a terrorist attack or save a drowning sailor.

9. (C) Though the working levels of the ministries have been kept out of the information loop of late (ref D), they will be present at the March 31 talks. Some among them have even told us that they are excited to be present at the creation,, to have their ideas on defense actually influence their nation,s program choices as Iceland inevitably develops a more independent security policy. We anticipate that their relatively pragmatic and worldly approach will ultimately prevail, in part because a rising generation of MPs, local mayors, and other decision makers share their pragmatic approach to security cooperation.

10. (C) Icelanders, who lived on a subsistence economy until the last half century but now enjoy one of the world,s highest standards of living, are above all practical people. When they face the fact, as they must do soon, that other Allies are not going to leap in to replace the defense goods and services thus far supplied by the U.S., they will sign on for a new, more evenly balanced course of cooperation. We can make this evolution easier if we:

- Offer concrete proposals for follow-on security programs, of the sort now being worked by OSD, Joint Staff, and EUCOM, that provide a &visible defense presence.8 Exercises, rotational deployments, and enhanced information/intel sharing will also make a strong impression.

- Follow up the March 31 meetings with a series of detailed proposals responsive to Icelanders, concerns as expressed in our face-to-face meetings.

- Remain attentive to domestic political imperatives. The U.S. decision to keep some CSAR helicopters here until the middle of September came as an enormous relief to Icelanders scrambling to arrange for interim and long-term SAR capability. Justice Minister Bjarnason said March 24 that he aimed to propose an interim Icelandic SAR plan within three weeks and a long-term plan within two months. The Icelanders will be very interested in the information we supply at the talks on FMS options. Whether or not Iceland decides to buy American (and it might make sense for them to simplify maintenance by buying more of the Eurocopter Puma or Dauphins

they already fly), we must be prepared to put forward some serious options. Continuing our efforts to be helpful to local base employees who are losing their jobs will also pay dividends in public goodwill.

- Initiate public and private links such as the proposed Burns op-ed and periodic telephone calls. These public manifestations of sustained USG interest in Iceland,s fate would smooth the way for a mutually-beneficial follow-on deal.

- Encourage them to get educated) and to accept that they too have responsibilities for security. Even with the U.S. remaining its defense guarantor, as a wealthy country and member of NATO, Iceland will have to pay towards its defense, and its officials will finally need to do their homework on security affairs so as to be educated consumers. This means reiterating longstanding offers to welcome Icelanders to U.S. service academies, war colleges, and the Marshall Center) but also making clear that other forms of cooperation will be contingent upon their developing their own security expertise.

- Finally, we should remain unruffled by calls for closer European security ties, making it clear that the U.S. does not feel threatened by Icelandic calls for closer security ties with Europe, either in a NATO or EU context. Indeed, we welcome burden sharing.

VAN VOORST
van Voorst